The City Council of the City of Raleigh met in a special called meeting on Thursday, April 19, 1984, at 8:30 a.m. in the City Council Chamber of the Municipal Building, 222 West Hargett Street with the following present:

Mayor Upchurch, Presiding
Ms. Babb
Ms. Block
Mr. Calloway
Ms. Cates
Mr. Congleton
Mr. Keller
Mr. Walters

Mayor Upchurch called the meeting to order indicating there are three items for discussion at the special meeting. One relates to the redevelopment plan for the City Market area, the UDAG application for the same area and refinancing of bonds. Mayor Upchurch indicated he has just returned from welcoming a rugby team from Ireland to the City of Raleigh.

REFUNDING OF BOND ISSUE - RESOLUTION ADOPTED - NOTIFICATION, ADVERTISEMENT AND PUBLICATION AUTHORIZED - PUBLIC HEARING SCHEDULED FOR MAY 1, 1984

City Manager Benton indicated this item relates to the possibility of refunding of some $21,000,000 of bonds that were issued in 1982 when the City of Raleigh absolutely had to have money for capital projects. He indicated at that time, the bond market was at an all-time high--10.9 percent interest rate. He explained Finance Director Hill has been working with the Local Government Commission about the possibility of refinancing these bonds. He indicated at the closing of the Tuesday meeting, he gave Council Members a letter from the Local Government Commission which is a good review of the situation. He indicated if the Council wanted to proceed with this item, it would be appropriate for the Council to adopt an order introducing the bond sale, and that order calls for a public hearing, calls for the notification to be published and a debt statement filed with the City Clerk.

Finance Director Hill indicated he has reviewed this item with the Local Government Commission and the letter from the Commission which puts forth the pros and cons of the refinancing. He indicated the pros relate to reducing our debt service obligation and improves our standing with the bond rating agency. He indicated, in addition, he feels that it is simply a matter of good business as it saves money. He indicated the cons listed by the Local Government Commission indicate that it will constitute a double debt which would be reflected by a footnote in our debt statement, the cash contribution of the City is up front, cost of issuance is excessive compared to normal issue, and the fourth con related to the cost to the State of North Carolina. He indicated this cost comes about as we would have more tax-exempt bonds for the citizens to invest in; thereby the State would not receive that tax revenue. Mrs. Block indicated she did not understand the double debt comment, with Finance Director Hill indicating we issued $25,000,000 of bonds in 1982. He indicated this time we would be issuing up to $23,250,000 which is the remaining outstanding principle. Therefore, the new bond would become a debt backed in full by the City. He indicated the new bonds would be issued at a lower rate, but we would still be obligated to pay off the old bonds. City Manager Benton indicated when the bonds were issued in 1982, there was a call provision in ten years, and the City cannot call them before that ten-year period. In the meantime, we would be running an escrow account, but it would show up as a double debt. Finance Director Hill indicated he had met with the Local Government Commission about this item, as well as the Bond Council and Evans and Dodge, which is the firm that would be putting together the refinancing. He talked about the bond sale expense which would be in the range of $150,000 as compared to a normal bond sale expense which would be approximately $50,000. He indicated that the cost for the bond sale would not be a direct cost to the City as those costs could come from the money we save by the lower interest rate. He explained how the cost would be absorbed and covered and explained at this point, the estimate of the amount that we would be saving would be in the vicinity of $1,573,000. He stated this would accrue through the call period. City Manager Benton indicated one of the key variables is the interest rate we can get in June, pointing out, hopefully, it would be in the range of 8.75 percent. He indicated if it goes higher than anticipated, we are not obligated to sell the bonds. He stated what we would be doing is to go to the market, asking for an offer, taking an offer and seeing what the proceeds would be. He indicated, at that time, there would be a financial analysis by a major financial firm as to the actual cash flow and ability of the proceeds to pay the debt. He indicated, in addition, this refinancing would not impact our two-thirds bond ceiling. He indicated Administration would recommend that the City Council authorize proceeding forward and, at the same time, ask Administration to look closer at the fees projected. He indicated Administration feels that that should be looked at further and maybe negotiated.

After brief discussion, Mr. Walters moved approval of the resolution introducing the bond orders, authorizing the City Clerk to publish the notice and set the public hearing, the Finance Director to file the debt statement as required and Administration to negotiate the fees. His motion was seconded by Ms. Babb.

Brief discussion took place with Finance Director Hill indicating the public hearing could be held on May 1. He indicated the bond sale would take place June 5 which is a Council Meeting day, and if everything is favorable, the Council could confirm the rates on that date. The motion, as stated, was put to a roll call vote which

resulted in all members voting in the affirmative. The Mayor ruled the motion adopted.

RESOLUTION NO. (1984) 507

WHEREAS, the bond orders entitled, "BOND ORDER AUTHORIZING THE ISSUANCE OF $3,750,000 RECREATIONAL FACILITIES REFUNDING BONDS OF THE CITY OF RALEIGH," and "BOND ORDER AUTHORIZING THE ISSUANCE OF $19,500,000 WATER REFUNDING BONDS OF THE CITY OF RALEIGH," have been introduced at the meeting of the City Council held on April 17, 1984, and the City Council desires to provide for the holding of public hearings thereon and the submission of a statement of debt in connection therewith as required by The Local Government Bond Act;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Raleigh as follows:

(1) The public hearings upon said bond orders shall be held on the 1st day of May, 1984, at 7:00 p.m., at Municipal Building, in Raleigh, North Carolina.

(2) The City Clerk is hereby directed to cause a copy of each bond order to be published with a notice of such hearing in the form prescribed by law in a qualified newspaper no fewer than six days prior to such public hearing.

(3) The City's Finance Officer is hereby directed to file with the City Clerk prior to publication of the bond orders with the notices of such public hearings, a statement setting forth the debt incurred to to be incurred the appraised value of property subject to taxation by the City and the net debt of the City.

DOWNTOWN EAST/EAST SIDE REDEVELOPMENT PLAN AMENDMENT - RESOLUTION ADOPTED; UDAG APPLICATION - AUTHORIZED FOR FILING

City Manager Benton indicated at the public hearing held on April 17, there were questions about the proposed amendment to the redevelopment plan relating to the Old City Market area. He indicated the basic question is how do we address the existing property owners and/or tenants in the area who want to remain in the project that has been proposed. He passed out a proposed resolution, pointing out we have attempted to address those issues and questions.

Downtown Planner Betts went through the proposed resolution indicating it is hoped that the questions be addressed. He indicated the proposed resolution includes the two concerns voiced by the Planning Commission in the recommendation of approval. He explained that Arthur Ziegler, representing the Cranston Development Corporation, is in agreement with this proposed resolution. He indicated the resolution goes on the assumption that there would be three phases in the project; the third phase would be the Arcade area between the City Market and Hudson Belk's Store. He indicated that would be a later phase, but we feel that the City would be involved in that, also. Councilman Calloway questioned to what extent the present occupants and vendors have been involved in the planning for this project. He questioned if there has been any interaction between the City and these people. Mr. Betts indicated there have been meetings scheduled and held to review the status once or twice with both Zuchelli-Hunter and Cranston Development Corporation. He indicated there were representatives of the property owners or businesses in the area. He pointed out, however, he did not think that there were representatives of any of the vendors present.

Mrs. Block indicates she was interested in Mr. Brothers' comments at the meeting, and while this proposed resolution does not absolutely answer his questions, she feels that it is an improvement and addresses his questions. Therefore, she would move approval of the proposed resolution. Her motion was seconded by Ms. Cates.

Ms. Babb indicated she has just the opposite reaction as the proposed resolution does not speak to his concern at all and does not offer him anything that he has not been told before. She indicated the options outlined in the resolution are the same as they have been all along; that is, that the existing businesses would be offered a limited partnership, be part of the task force or be relocated into the project. She indicated what she heard Mr. Brothers ask is if the Council is willing on a case-by-case basis to exclude certain property owners who want to remain, who have a compatible business, who own their own business and who would like to control their own business. Mr. Walters indicated he feels that this discussion is going in the right direction, but we need further discussion. Therefore, he would request that the maker of the motion withdraw the motion so that discussion on the total project can continue. He pointed out once a motion is made, discussion has to be on that motion alone, and he does not feel we are ready for a motion. Mayor Upchurch indicated the Chair rules the motion in order, after which Mr. Walters called for the question. Ms. Block objected to the call for the question; therefore, a vote was taken on the call for the question with results as follows: ayes - Walters, Babb, noes - Block, Calloway, Cates, Congleton, Keller, Upchurch. The Mayor ruled the motion defeated; therefore, discussion continued.

Mr. Walters indicated he called for the question as he was simply trying to get the Council back on the right parliamentary procedure track. Mayor Upchurch indicated he was chairing the meeting, and he had ruled that the discussion before the Council was relevant to the motion. Ms. Babb indicated, as she understands it, the whole topic of the Redevelopment Plan is open for discussion. She stated, in her opinion, there are two issues before the Council. She stated the proposed resolution, if passed, will represent the City Council's stance on how the Council is going to handle the

Moore Square Project, specifically as it relates to the people who are presently property owners or businesses in the area. She stated the other question is does this resolution say the same thing that we have been saying all along or is there something different that does speak to Mr. Brothers' concern which is are we committed to the idea for the Moore Square Project to proceed, it has to be drawn exactly as Mr. Ziegler has proposed or does it allow some room in our dealings to adjust the lines in individual cases? She pointed out what she is questioning is if there is an existing business that wants to continue to exist, function like the project, look like the project and be in keeping with the rest of the project but be separate, will we allow that person to continue to function separately, owning their own property but be a part of the project? Mayor Upchurch indicated he supports the rights of the local merchant as much as anyone. He stated he is in this area on a weekly basis and does business in this area. He indicated, in his opinion, the proposed resolution does address where the Council is coming from. He indicated this has been discussed time and time again. Ms. Babb questioned where the proposed resolution offers the option of a person who wants to remain. Mayor Upchurch indicated he thought the City Council has said all along that they want the ownership of the local enterprises to be considered.

Mr. Brothers indicated he has reviewed the proposed resolution and his first reaction is "where's the beef?" He indicated he feels it does contain a good anchor statement of where the project stands. He would, however, like to submit two amendments; that is, in the whereas section, he would like to add another paragraph as follows:

> "WHEREAS, the City of Raleigh recognizes the value and contribution of existing small enterprises in the revitalization of downtown;"

He indicated, in addition, he would propose that Section 2 be amended by adding a new subsection as follows:

> "d. Review with the City Council or designated Committee on a case-by-case basis all property subject to be purchased through eminent domain."

Mr. Brothers indicated Artspace is being allowed to function in the Sanders Ford Building as an individual entity, and he feels others should be allowed that same choice. Ms. Cates indicated she is not familiar with the contract we have on this and questioned if it can be amended. City Attorney McCormick indicated this would have to be something that the developers would agree to. He indicated the whole concept of this project is predicated on single control by one management. He indicated we do have a unilateral contract, and any amendments would have to be approved by both the City and Cranston.

Bob Williams indicated he has visited with Mr. Ziegler several times during the last year or year and a half. He indicated his main concern is whether trucks would be allowed to enter the City Market area and has posed this question to Mr. Ziegler time and time again. Mr. Ziegler indicated he would have to get back to him to discuss this. He indicated following the last meeting, Mr. Ziegler talked with him and said he would send someone down to discuss the question with him, but Mr. Ziegler has never sent anyone down to talk with him. Mr. Williams pointed out there are two wholesale businesses that will be run out of the area if they cannot get their deliveries, etc. He indicated, as he understands it, there will be no wholesale businesses at all allowed in the project area. He pointed out he has been trying for fourteen months to get an answer to that one question. He indicated the problem he sees is if they are not going to allow any trucks at all, how will the people get the supplies they need to operate? In response to questioning, Mr. Williams indicated following the last meeting, Mr. Ziegler took his phone number and said that within a few days, there would be two or three men to come in and discuss this with him. He indicated about thirty minutes after he left the meeting, someone did come in and take pictures, but Mr. Ziegler has failed to call him and answer his questions.

Mr. Walters indicated this is the story he hears time and time again. He indicated he feels the direction Mr. Betts has presented is good, but we need to get concrete directions and answers. He indicated Mr. Ziegler has shown his non-dependence on this issue, pointing out the people have been there for years and just wanted their questions answered. Ms. Babb explained that the City chose to go with Cranston Development Corporation, and she feels we have to have one developer, but she just wants to make sure that we do not lose individual property owners that want to remain. She indicated we have given a lot of general direction to the developer; it was our intent that he work very closely with the local people. She indicated she does not feel that we are in an adversary relationship with the developer. She feels that it is appropriate, however, for the City Council to drive a tough bargain. She stated she is very happy about the project, and she wants to go forward, and she has very good feelings generally about the project. She stated, however, she would like to fine tune, and she would offer an amendment in that Mr. Brothers' remarks be incorporated into the proposed resolution submitted by Mr. Betts.

Lengthy discussion followed as to how the project works, the City's relationship with Cranston Development Corporation as well as Zuchelli-Hunter, work that has gone on in the past, the fact that the City is the redevelopment commission and would have to approve any condemnation anyway and the necessity for the City to assemble the property as it is the only body that can do that. Discussion took place on what is required to make the project go as it relates to control by Cranston, with City Attorney McCormick indicating he did not know the magic figure or percentage that Cranston would have to control to make the project go, but he feels that it would need to be at least the majority. Discussion took place, after which Mr. Brothers

indicated a number of the owners in the Moore Square area have asked him to keep quiet as they want the project to go forward. He stated he thought that he was the only one who actually wanted to stay and was adamant about that fact. Whether the Council can draw out specific pieces of property was discussed. City Manager Benton indicated Cranston Development Corporation has done some pre-lease studies on the type of mix that will be necessary and explained that a lot of work and a number of feasibility studies have been undertaken. He indicated he did not think that Mr. Brothers' proposal would be impossible as each case that has to go to condemnation will have to be reviewed by the City Council on a case-by-case basis anyway because the Council is the only body that can make that decision. Therefore, he sees no problem with Mr. Brothers' proposed amendments. City Attorney McCormick indicated it is his understanding that the mix projected by Cranston would allow for Mr. Brothers' type business; however, he thinks Mr. Brothers' main problem is that he wants to stay where he is rather than be relocated in the project. Mr. Walters indicated he felt the biggest problem is indecision as the individual property owners do not know what is going on, how the process is working and who makes what decisions. Ms. Babb indicated she, personally, did not have any interest in reversing or changing the process, that she just wanted to fine tune the process. She stated again she felt the City Council had a very strong commitment to this project, but she does see the need to fine tune it, and that is why she suggested the amendment. Ms. Babb indicated in suggesting the amendment to the motion, she is suggesting adoption of the resolution, as presented, with the amendment suggested by Mr. Brothers' relating to the "whereas" as well as the addition of Item D to Section 2, and in putting in Item D in Section 2, she feels that the Downtown Committee is the body to review the property subject to be purchased through eminent domain. Mrs. Block accepted Ms. Babb's amendment; therefore, the motion, as amended, was put to a vote and passed unanimously. The Mayor ruled the motion adopted.

RESOLUTION NO. (1984) 506

OLD CITY MARKET REDEVELOPMENT PLAN AMENDMENT TO THE DOWNTOWN EAST/EAST SIDE REDEVELOPMENT PLAN

WHEREAS, the City of Raleigh is undertaking a comprehensive program of downtown revitalization involving public and private sector cooperation in redevelopment and rehabilitation; and

WHEREAS, as part of this program, the City adopted on January 19, 1982, the Downtown East/East Side Redevelopment Plan; and

WHEREAS, this plan provides a framework for future specific redevelopment projects to be added as amendments as they are identified and duly adopted by the City; and

WHEREAS, the Old City Market Redevelopment Plan has been prepared identifying specific redevelopment actions and funding, as well as public improvements in support of redevelopment; and

WHEREAS, the Old City Market Redevelopment Plan has been reviewed and approved by the Raleigh Planning Commission with the following recommendations:

1. The City Council, in the process of future negotiations with the developers of the City Market Project, should make strong efforts to maintain the existing produce vendors.

2. When conveying the property to the City Market developers, the City should include provisions to assure the construction of the new retail facilities shown as Phase 2.

WHEREAS, the Old City Market Redevelopment Plan was presented at a public hearing before the City Council, the Redevelopment Authority for the City of Raleigh, in accordance with North Carolina Urban Renewal Law; and

WHEREAS, THE City recognizes the value and contribution of existing small enterprises in the revitalization of downtown; and

WHEREAS, the City Council on April 19, 1984, approved the Old City Market Redevelopment Plan by a unanimous vote with the conditions contained in this Resolution;

THEREFORE, BE IT RESOLVED THAT:

Section 1. The Old City Market Redevelopment Plan is hereby adopted and amended to the Downtown East/East Side Redevelopment Plan and that the City will undertake redevelopment and public improvements proposed in the Old City Market Redevelopment Plan in accordance with the provisions therein and applicable State and Federal laws.

Section 2. The developer of the Old City Market will be required to provide for a maximum feasible level of local business participation in the project including but not limited to the following:

a. Offer limited partnerships in the development to property owners in the project area in exchange for property on an equitable basis;

b. Interview area businesses to determine whether or not they may be tenants in the project;

c. Confer and review project plans, tenancy and operations with an association or task force of area merchants to be designated by the City;

d. Review with the City Council or the Downtown Committee on a case-by-case basis all property subject to be purchased through eminent domain.

Section 3. The City will, to the maximum feasible extent, attempt to relocate businesses displaced from the project site to later phases of the specialty retail complex or to locations within the Moore Square area.

Section 4. The City will designate and support a Task Force of representatives from the Moore Square Business Association (property owners and merchants), the City and the redeveloper whose function will include but not be limited to the following:

a. Review and advise on project plans, tenancy and operation;

b. Set long-range goals and action plans for the Moore Square area; and

c. Study the feasibility of a merchants association which would be a self-funded organization concerned with area-wide promotion, maintenance and security.

Adoption Date: April 19, 1984.

City Manager Benton indicated if we are to stay on the time schedule approved by the Council, we need to authorize submission of the UDAG application along the lines explained in the public hearing. Mr. Congleton moved approval of submission of the UDAG application. His motion was seconded by Ms. Babb, and a roll call vote resulted in all members voting in the affirmative. The Mayor ruled the motion adopted.

RESOLUTION NO. (1984) 508
CITY MARKET SPECIALITY RETAIL PROJECT
URBAN DEVELOPMENT ACTION GRANT APPLICATION

WHEREAS, the City of Raleigh is undertaking a comprehensive program of Downtown Revitalization involving public and private sector cooperation in redevelopment and rehabilitation; and

WHEREAS, as part of this effort, the City has identified certain key opportunities for development downtown including the Moore Square/City Market Project; and

WHEREAS, the City has resolved to support this project and initiate such steps as are appropriate to the redevelopment of the City Market area; and

WHEREAS, the City has selected the Cranston Development Company of Pittsburgh, Pennsylvania, as the preferred developer and, along with its consultants, Zuchelli, Hunter and Associates, has further defined the scope of this project; and

WHEREAS, the City has determined that in order to proceed with this project that certain funding is required and has agreed in concept with the proposed funding strategy which includes the need for an Urban Development Action Grant; and

WHEREAS, the City has a designated UDAG Pocket of Poverty and wishes to participate in the UDAG program; and

WHEREAS, the City has held two public hearings on this application and has met and approved of this project on April 19, 1984,

THEREFORE, BE IT RESOLVED THAT the City Council authorized the submission of the City Market Project Urban Development Action Grant application to the Department of Housing and Urban Development in the amount $1,500,000 on or before April 30, 1984, and further that the City and the developer will work to complete all aspects of the application during this review period.

ADJOURNMENT

There being no further business, the meeting adjourned at 9:40 a.m.

Gail G. Smith
City Clerk and Treasurer

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